

Message Text

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PAGE 01 OECD P 03909 131811Z

62

ACTION EUR-25

INFO OCT-01 EA-11 NEA-11 ISO-00 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 IO-14 NSAE-00 RSC-01

OPIC-12 SPC-03 TRSE-00 CIEP-02 LAB-06 SIL-01 SWF-02

OMB-01 SS-20 NSC-10 DODE-00 PA-04 USIA-15 PRS-01

SAM-01 SAJ-01 L-03 DRC-01 /191 W

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R 131634Z FEB 74

FM USMISSION OECD PARIS

TO SECSTATE WASHDC 1820

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BELGRADE

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LISBON

USMISSION EC BRUSSELS UNN

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

AMEMBASSY LONDON

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PAGE 02 OECD P 03909 131811Z

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E.O. 11652: N/A

TAGS: EFIN, OECD

SUBJECT: PAYMENTS COMMITTEE MEETING FEB 12, 1974

REFS: (A) C(73)252

(B) C(73)253

(C) C(74)3

(D) OECD 32509 DEC 20, 1973

(E) C(74)18

(F) C(74)20

(G) C(74)10

(H) C(74)31

(I) PC/A(74)1

(J) STATE A-10215 OF 1973

1. SUMMARY. PAYMENTS COMMITTEE (PC) APPROVED FOUR OF SEVEN SUBSTANTIVE ITEMS ON ITS AGENDA (REF I) FEB 12, 1974. MISSION WILL VOTE TO APPROVE EACH RELATED DRAFT ENTRY OR DECISION (ITEMS 2, 3, 5 BELOW) IN COUNCIL UNLESS OTHERWISE INSTRUCTED. ACTION REQUESTED. SEE PARA 4 BELOW. END SUMMARY.

2. FINNISH RESERVATION TO CAPITAL MOVEMENTS CODE (CMC). PC APPROVED REPORT OF INVISIBLES COMMITTEE (IC) EXAMINATION OF REMAINING FINNISH RESERVATIONS TO CMC (REF A) AFTER EXPRESSING ITS REGRET THAT FINLAND HAS FOUND IT IMPOSSIBLE TO MAKE ANY PROGRESS TOWARD LIBERALIZATION SINCE 1970, STILL RETAINING TWENTY RESERVATIONS TO CMC. COUNCIL WILL BE REQUESTED TO APPROVE DRAFT ENTRY (SEE PAGE 1 REF A) WHICH NOTES CONTINUATION FINNISH RESERVATIONS.

3. FINNISH DEROGATION TO CMC. PC APPROVED IC REPORT ON INVOCATION OF FINNISH DEROGATION TO CMC FOR RESTRICTIONS ON SHORT-TERM COMMERCIAL CREDITS GRANTED BY NON-RESIDENTS TO RESIDENTS. COUNCIL WILL BE ASKED TO NOTE IC REPORT AND DECIDE THAT FINLAND IS JUSTIFIED IN MAKING ITS INVOCATION (PAGE 1, REF B).

4. COOPERATION AMONG INSURANCE SUPERVISORY AUTHORITIES. PC WAS UNABLE TO ACCEPT PROPOSAL FOR INSTITUTIONAL COOPERATION IN REF C. LIMITED OFFICIAL USE

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PAGE 03 OECD P 03909 131811Z

GERMAN DEL INDICATED HIS GOVERNMENT FEELS IT WOULD BE NECESSARY TO MAKE THOROUGH LEGAL SEARCH ALL RELATED GERMAN LAWS TO ASCERTAIN WHETHER OR NOT IT COULD ACCEPT REQUIREMENT TO FURNISH INFORMATION AT REQUEST OF OTHER COUNTRIES. HIS AUTHORITIES BELIEVE SUCH A SEARCH COULD BEST BE CONDUCTED AS INSURANCE COMMITTEE MOVES FORWARD ON OTHER MAJOR ISSUES (SEE REF D) BEFORE IT, IN ORDER TO PREVENT PIECEMEAL APPROACH. VARIOUS MEMBERS (U.S., SWISS) FELT MATTER IN REF C SHOULD BE MOVED FORWARD INDEPENDENTLY OF OTHER

WORK BEFORE INSURANCE COMMITTEE. HOWEVER, DELS FROM FINLAND, GREECE, TURKEY AND SWEDEN INDICATED THEY HAD NO INSTRUCTIONS AND COULD ONLY ACCEPT AD REFERENDUM. PC DECIDED TO POSTPONE DECISION TO ITS NEXT SESSION. IN MEANTIME, GERMAN DEL WILL SUBMIT FULL STATEMENT HIS POSITION IN WRITING. ALL DELS ARE ASKED TO DETERMINE EXTENT TO WHICH THEIR AUTHORITIES COULD AGREE TO DECISION IN REF C, AND, AS FALLBACK POSITION, WHETHER SUBGROUP OF OECD COUNTRIES WILLING TO ACCEPT REF C (SEE PARA 6, REF C) COULD PROCEED WITH DECISION, WITH OTHER OECD MEMBERS REMAINING APART FROM ITS REQUIREMENTS FOR TIME BEING. ACTION REQUESTED: MISSION REQUESTS INSTRUCTIONS ON APPROVAL OF U.S. ON INSURANCE MATTERS POINTED OUT IN PARA 15 REF J.

5. INTERNATIONAL DIRECT INVESTMENT AND THE OECD CODE. PC ACCEPTED PROPOSAL TO SEND REF E TO COUNCIL FOR INFORMATION, AS REPORT OF EXPERT GROUP IMPLYING NO NECESSARY ENDORSEMENT BY MEMBER GOVERNMENTS. IT ALSO DISCUSSED QUESTION OF POSSIBLE DERESTRICTION OF REPORT AT SOME LENGTH, PROPOSED BY CHAIRMAN (BELGIUM). CONSENSUS WAS THAT LATTER QUESTION SHOULD BE HANDLED AS SEPARATE MATTER, SINCE EFFORT TO REACH DECISION ON DERESTRICTION AT THIS TIME MIGHT FURTHER HOLD UP ALREADY OVERDUE TRANSMISSION OF DOCUMENT TO COUNCIL. COUNCIL WILL BE ASKED TO NOTE THE REPORT AND ADOPT DRAFT ENTRY PG 2 REF E.

6. JAPANESE LIBERALIZATION OF INWARD DIRECT INVESTMENT. PC APPROVED REPORT REF F WHICH EXAMINES MODIFICATIONS IN JAPANESE CONTROLS ON INWARD DIRECT INVESTMENT TAKEN MAY 1, 1973, AND THEIR IMPLICATIONS ON JAPANESE RESERVATIONS IN CMC. COUNCIL IS REQUESTED TO ACCEPT DRAFT DECISION IN ANNEX II TO REF F WHICH ITEMIZES EXTENSIVE CHANGES TO JAPANESE CMC RESERVATIONS MADE POSSIBLE BY CHANGED REGULATIONS. PC NOTED WITH CONCERN EXTREME COMPLEXITY OF MODIFIED REGULATIONS. JAPANESE DEL INDICATED THIS WAS PARTLY DUE TO PHASING-OUT PROCESS ENVISIONED IN CURRENT LAW, AND THAT AFTER 1976 THESE REGULATIONS WOULD AUTOMATICALLY BE VASTLY LIMITED OFFICIAL USE

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PAGE 04 OECD P 03909 131811Z

SIMPLIFIED (NOTE PHASE-OUT DATES PG 5 REF F). HE ALSO INDICATED APPROVAL FOR INVESTMENT MAY BE GRANTED IN THE FIVE EXEMPTED INDUSTRIES (FOOTNOTE A, ANNEX I REF F) ON CASE-BY-CASE BASIS. HE STRESSED CURRENT CHANGES ARE FIFTH STAGE IN LONG-TERM DRIVE BY JAPAN TO MOVE TOWARD FULL LIBERALIZATION, BUT DID NOT INDICATE WHEN STAGE 6 WOULD BE POSSIBLE.

7. LAST TWO AGENDA ITEMS POSTPONED SINCE DOCUMENTATION NOT COMPLETE. THESE TWO ITEMS, THIRD EXAMINATION FRENCH RESERVATION TO CMC AND FIFTH EXAMINATION
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